



Health Services
LOS ANGELES COUNTY

March 13, 2007

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF REQUEST FOR LOS ANGELES COUNTY TO SUPPORT
THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FOUR CORNERSTONES OF VALUE-DRIVEN HEALTH CARE
(All Districts) (3 Votes)**

Bruce A. Chernof, MD
Director and Chief Medical Officer

IT IS RECOMMENDED THAT YOUR BOARD:

John R. Cochran III
Chief Deputy Director

Approve and instruct the Director of Health Services to sign a policy statement of support for the U.S. Department of Health and Human Services Four Cornerstones of Value-Driven Health Care.

Robert G. Splawn, MD
Senior Medical Director

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

The U.S. Department of Health and Human Services has asked Los Angeles County as an employer to join other State and local governments in supporting the four cornerstones of value-driven health care and to encourage the health insurance plans, third party administrators, providers, and others who contract with Los Angeles County to take consistent actions to achieve these goals.

*To improve health
through leadership,
service and education*

This initiative is part of an ongoing effort to share quality and cost or price information. Over time, this information can be used to improve patient care and enhance the effectiveness of the healthcare system by increasing the availability of uniform and comparable information with which all stakeholders can make informed decisions. These steps are the foundation for a value-driven healthcare system that delivers continued progress in medical care and good health for our employees and for all Americans.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This action supports the County's Strategic Plan Goals of Organizational Effectiveness and Fiscal Responsibility.

FISCAL IMPACT

Not applicable.

FACTS AND PROVISIONS

On August 22, 2006, President Bush issued an Executive Order, Promoting Quality and Efficient Health Care in Federal Government Administered or Sponsored

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Health Care Programs, to increase the transparency of America's health care system. The U.S. Department of Health and Human Services has asked Los Angeles County as an employer to join other state and local governments in supporting the four cornerstones of value-driven health care and to encourage the health insurance plans, third party administrators, providers, and others who contract with Los Angeles County to take consistent actions to achieve these goals.

The four cornerstones of value-driven health care that Los Angeles County is being asked to support are:

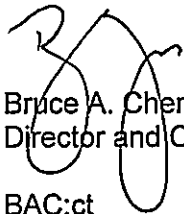
Support Health Information Technology - In order to enable the availability and secure exchange of healthcare information to improve patient care, we will support interoperable health information systems and products. When those with which we contract implement, acquire, or upgrade health information technology systems and products, we will request that they use systems and products that meet interoperability standards recognized by the Secretary of Health and Human Services. In maintaining or exchanging information, patient privacy will be appropriately protected, as required by law.

Provide Quality Information - To support knowledge and comparison of the quality of care delivered by healthcare providers, we will implement, or request that those with which we contract implement, programs to measure healthcare provider quality and make this information available to enrollees in the health plans we sponsor. At the present time, the measures most fully developed are those endorsed by the National Quality Forum (NQF) and adopted by AQA (a multi-stakeholder group focused on physician quality measures) or the Hospital Quality Alliance (HQA). We anticipate that quality measurement and reporting programs will be based on these measures. However, if we wish to measure quality of care in other areas, we will use measures endorsed by the NQF or, alternatively, approved by other national broad-based organizations, and we will support national consensus efforts to increase the availability of consistent quality measures in these areas.

Provide Pricing Information - To support knowledge and comparison of the cost or price of care, we will implement, or request that those with which we contract implement, programs to make available to enrollees in the health plans we sponsor the overall cost or price of their care. As consensus develops on uniform approaches for measuring and reporting cost or price information for the benefit of consumers, we will use these approaches and request that those with which we contract do the same. We will promote the availability of cost or price information together with quality information, whenever possible, to help our employees focus on value. We also will request that those with which we contract participate in broad-based national public-private collaborative efforts to develop appropriate strategies to measure the overall cost of services for common episodes of care and the treatment of common chronic diseases, while avoiding undue administrative burden on healthcare providers.

Promote Quality and Efficiency of Care - We will work to develop approaches that encourage and facilitate high-quality and cost-effective health care, and contract with entities that help us to achieve these goals. Such approaches may include, for example, implementation of pay-for-performance methods of reimbursement for providers, the offering of consumer-directed health plan products, such as account-based plans for enrollees in employer-sponsored health benefit plans, or the use of high performance provider networks.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'BAC', with a large, stylized loop at the end.

Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:ct

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Director of Personnel
Chief Information Officer